

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2607 - SB 2643

February 20, 2012

**SUMMARY OF BILL:** Requires all rate methodology utilized by the Bureau of TennCare for determining payments to private providers of services at intermediate care facilities for persons with intellectual disabilities (ICF/ID) to be identical to the rate methodology used in determining payments to public providers of ICF/ID services.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$338,100**

**Increase Federal Expenditures – Exceeds \$661,900**

**Assumptions:**

- According to the Bureau of TennCare, the difference between the rate methodology for public providers and private providers is that state facilities go through a cost settlement process at the end of the fiscal year.
- Payments for private facilities are considered payment in full. State facility payments are costs settled at the end of the fiscal year and adjusted to cover any shortfall.
- According to the Bureau of TennCare, rates for state facilities are greater than for private facilities and creating equal methodologies will result in an increase in expenditures.
- In FY09-10, TennCare expended \$73,800,000 on private facilities and \$149,800,000 on state facilities. While an exact amount cannot be quantified, it is reasonably estimated that any increase in expenditures would exceed \$1,000,000 per year.
- Of the increase estimated to exceed \$1,000,000 per year, an amount estimated to exceed \$338,120 per year will be state funds at a rate of 33.812 percent, and an amount estimated to exceed \$661,880 will be federal funds at a 66.188 percent match rate.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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/kml